Senate FTC bill would eliminate unfairness rules

WASHINGTON—A key Senate Republican, endorsing the ad industry's major legislative goal this session of Congress, is forcing a Senate commerce committee showdown to end Federal Trade Commission regulation of "unfair" advertising. But proposals to restrict FTC control over deceptive ads appear dead for the year.

Support on the unfairness issue came from Senate consumer subcommittee chairman Robert Kasten (R., Wis.). After introducing his long-awaited FTC bill last week, he is scheduled to take it before the full commerce committee for action May 11. It will be a busy week on Capitol Hill for FTC. While the Senate commerce committee tackles the Kasten bill, FTC's controversial used-car sales disclosure rule faces a Senate floor vote on a killing veto resolution. A floor vote in the House, where the energy and commerce committee recommended a veto of the rule 25-16 last week, is also imminent.

The Kasten bill drops "unfairness" as grounds for prosecuting an advertiser, the first major change in congressional policy since the law makers directed the commission to root out "unfair or deceptive" ads and business practices in 1938. The commission retains the power to attack nonadvertising business practices as unfair, but the Kasten bill adds to the law, for the first time, a set of standards the commission must use in selecting cases.

But Sen. Kasten said it is premature for Congress to replace FTC's current, broadly written authority to select deceptive ad cases with a new legislative standard. "A systematic study" of complaints about FTC's de-

(Continued on Page 80)

Wendy's healthy kind of people

The "all-you-can-eat" salad bar will get a good deal of attention in Wendy s International's new campaign, breaking in July. The "Wendy's kind of people"-themed drive goes after fast-food consumers who want "something better" (*see story, Page 14*). Dancer Fitzgerald Sample is the agency.

Invading Cossack vows to stay on air

By JOHN J. O'CONNOR

Cossack vodka has invaded a segment of the Boston media turf that heretofore has been open only to wine and beer advertisers.

Since the beginning of the baseball season, WITS listeners who tune to Red Sox games have been exposed to a 60-second radio spot for the hard liquor produced by Massachusetts-based M.S. Walker.

Harvey Allen, president of Walker, characterized the radio campaign as a "pioneering step" that is "60% self-serving" and 40% devoted to what he sees as the problem of distilled spirits having a second-class citizenship status while beer and wine advertisers enjoy easy access to radio and tv.

"My position," Mr. Allen said, is that advertisers of products containing alcohol "should be all on or all off the air."

In his opinion, beer and wine today are greater contributors to alcohol abuse—especially among young drinkers—than hard liquor. "Some people may consider me the black sheep of the industry," Mr. Allen said, "but I'm not pleased with the holier-than-thou attitudes of large distillers." He was referring to the fact that the Distilled Spirits Council of the U.S., a self-regulatory body, prohibits broadcasting ads for hard liquor. Walker is not a member.

The distiller also advanced another reason for taking Cossack, the largest-selling vodka in Massachusetts, into broadcast advertising. Mr. Allen said he was concerned that, with the suspension of the National Assn. of Broadcasters code in February, some other spirits marketer might have gone on the air with commercials lacking "the taste and dignified manner" of the Cossack spot.

WITS vp-general manager Frank Tenore said he underwent no personal agonizing over the spot. He said he had been troubled for some time by the double standard inherent in the broadcast code with respect to hard liquor.

NAB has suspended the code while it appeals a federal court ruling that found a portion of it to violate antitrust laws. In turn, an Indianapolis tv station, WTHR, is waiting for its lawyers to decide if there are legal snags should it decide to permit hard liquor commercials (AA, April 19).

Since the Cossack spots began airing, the WITS exec said, he has received only one complaint. Having accepted Cossack's "fair-sized" account does not mean WITS intends to become "liquor central" for Boston radio, Mr. Tenore stressed. He has instructed his sales force not to solicit other liquors.

Mr. Tenore said that even if the code is reinstated, he will not bounce Cossack off WITS, which is an NAB member.#

highlights

Monday, May 10, 1982

Trade books are keeping up their resistance to the recession, said publishers at the American Business Press spring meeting. *See Page 10.*

Top business execs often have little understanding of their companies' ad strategies, according to a study from the American Business Press. *See Page 10.*

McGraw-Hill says it still plans to grow internationally, although analysts are questioning its track record. *See Page 20.*

Atlantic and *Newsweek* each won two National Magazine Awards. *See Page 22.*

After last year's acquisition of Purex Industries' toiletries, Jeffrey Martin Inc. is boosting its ad budget by more than $24 million. *See Page 24.*

Advertisers and their agencies got a large part of the blame for the demise of hard-pressed media from a Drexel Burnham Lambert analyst. *See Page 26.*

Health & beauty aid sales are sagging. *See Page 28.*

Brazilian adman Geraldo Alonso is getting ready for this year's International Advertising Assn. Congress after a long effort to capture it. *See Page 43.*

Cable tv could be in trouble over the next few years because it's relying too much on entertainment and its suppliers don't know how to develop new businesses. *See Page 62.*

Black Entertainment Network has turned its ad sales and affiliate representation over to Group W Satellite Communications. *See Page 62.*

European agencies have taken over the leadership in creative print ads, according to Bruce Crawford, chairman of BBDO International. *See Page 72.*

Mediamark Research Inc. has released its latest findings, and the results are full of bad news for publishers. *See Page 77.*

Branded food marketers have their work cut out for them in holding share against generics and private labels, a new study suggests. *See Page 82.*

Redbook and Charter Data Services purchase by Hearst Corp. is examined. *See Page 82.*

CORPORATE CLOSEUP

J.G. Hook takes a more fashionable turn, but sticks with its classic formula. *See Page 4.*

FOLLOWUP

Long John Silver's Seafood Shoppes' baked fish platter is expanding into new test markets. *See Page 32.*

Block Drug is making several moves with new products. *See Page 32.*

VIDEOTECH

Catalogia positions itself midway between interactive shopping and traditional shopping. *See Page 51.*

"Paper Chase" is running after another try at tv, this time on cable. *See Page 53.*

A hotel video service is catching on in German cities. *See Page 54.*

Phil Donahue and Donald Dahlman have come a long way together. *See Page 54.*

MAGAZINE

Account switching in the advertising business has grown to what some observers feel are alarming proportions. Our "Sounding Board" poll delves into reasons for these switches and the impact they have had. *See Page M-2.*

Should newspaper auditing procedures be revised? The publisher of a major North American paper argues for some changes in the way the Audit Bureau of Circulations does business. *See Page M-35.*

SPECIAL REPORT

The business press is continuing a decade-long period of growth. This week's special report takes a look at this highly successful trade publications field, which accounts for about one-third of the most successful magazines circulating in the country. *See Page M-7.*

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O&M to add ties in Japan

By CHRISTY MARSHALL

If all goes well, Ogilvy & Mather's network of 34 countries will be expanded to 35. The agency has teamed up with Tokyu Agency International to form an agency and, at long last, establish its presence in Japan.

Ogilvy has signed a contract with Tokyu that agrees to "study the potential of a future joint-venture agency in Japan." William Phillips, chairman-chief executive officer of Ogilvy, said he hopes to close the deal by the end of the year. It has not been decided what the agency will be called.

Bruce Odza, most recently senior vp-managing director of Ogilvy's Houston office, has moved to Japan to represent the agency in the negotiations. Before taking over the job in the Houston office, Ogilvy's largest, he was managing director of the agency's Melbourne office.

Mr. Phillips said Ogilvy is actively looking for acquisitions in both Korea and Switzerland, and predicted one of its subsidiaries, Scali, McCabe, Sloves, would be acquiring agencies before the

(Continued on Page 76)

Pet food $ sales up 10% in 1981

By JOHN C. MAXWELL JR.

Pet food industry volume moved up close to 10% in dollars in 1981. However, A.C. Nielsen Co. says the gain in units was a modest 1%. Our over-all numbers differ somewhat from Nielsen's since we include sales through other sources in addition to food stores.

Dry dog food continued to be the largest-selling product, and was up rather well in dollars although not in units. Most of the generic and private label business is in this area, and it now accounts for about 20% of dry dollar volume and 31% of unit volume.

This had adverse ramifications for product growth at Ralston Purina, whose market share for 1981 was down, along with those of the other major companies. Ralston had a 28.5% share in 1981, down from 29.2% in 1980. Carnation remained in second place, though its share dipped from 12.5% to 11%.

General Foods moved past Quaker Oats Co. in market share last year. GF took third place despite a share drop from 8.9% to 8.8%. Quaker's share dropped from 8.8% to 7.8%. The other major pet food marketer, Liggett Group, also saw its share slip slightly.

Alpo continued to lead the brands in the canned dog food category; Dog Chow holds the lead in the dry segment, Gainesburgers in the moist category and Tender Chunks in the soft-dry segment.

Canned dog food continued to show unit losses, although it was up some 4% over-all in dollars.

The main growth within the industry is still in cat food, with all product lines expanding in the double-digit area, and with dry cat food faring best in dollars (up 23%), although in pounds specialty canned and moist (both up 6%) did best.#

Mr. Maxwell is with Lehman Bros. Kuhn Loeb, New York.

Pet food market share breakdown

Annual retail sales ($ millions)

Brand	Company	1980	1981
CANNED DOG FOOD			
Alpo	Liggett Group	$168.0	$178.0
Kal Kan	Kal Kan	98.0	102.0
Ken-L Ration	Quaker Oats	78.0	76.0
Mighty Dog	Carnation	70.0	73.0
Friskies	Carnation	58.0	60.0
Cycle	General Foods	54.0	52.0
Ken-L Ration Tender Chunks	Quaker Oats	24.0	32.0
Recipe	Campbell	15.0	19.5
Skippy Premium	C.H.B. Foods	13.0	19.0
Vets	C.H.B. Foods	19.0	19.0
Cadillac	Cadillac	16.0	17.5
Skippy, Dr. Ross	C.H.B. Foods	15.0	15.0
M.P.S.	Kal Kan	—	11.0
Strongheart	Swift	11.5	10.0
Thoro Fed	Kal Kan	—	3.0
Twin Pet	Allied Foods	3.0	2.5
Laddie Boy	Laddie Pet Foods	2.5	2.0
Rival	Swift	1.0	0.5
Hills	Riviana Foods	0.7	0.5
Blue Mountain	Associated Products	5.2	9.3
Red Heart	Allied Foods	0.3	—
Henny Pen	Allied Foods	0.3	—
All others		104.5	88.2
Total		$759.0	$790.0
DRY DOG FOOD			
Dog Chow	Ralston Purina	$330.0	$300.0
Puppy Chow	Ralston Purina	120.0	140.0
Gravy Train	General Foods	66.0	92.0
Dog Meal	Ralston Purina	73.0	85.0
High Protein Cycle	General Foods	60.0	76.0
Chuck Wagon	Ralston Purina	65.0	60.0
MealTime	Kal Kan	52.0	60.0
Alpo Beef Flavored Dinner	Liggett Group	50.0	53.0
Come 'N Get It	Carnation	23.0	50.0
Hero	Ralston Purina	22.0	36.0
Friskies Dinner & Cubes	Carnation	45.0	34.0
Mainstay	Ralston Purina	50.0	30.0
Fit & Trim	Ralston Purina	18.5	19.0
Alamo Brand	Liggett Group	22.0	13.0
Kasco	ConAgra	12.0	12.0
Jim Dandy Chunk & Ration	Jim Dandy	11.5	12.0
Ken-L Ration Biskit & Meal	Quaker Oats	8.0	9.0
Blue Mountain	Associated Products	5.5	5.6
Field 'n Farm	Ralston Purina	9.0	8.0
Bow Wow	ConAgra	8.0	6.5
Gaines Meal	General Foods	5.0	4.0
Strongheart	Swift	4.0	3.5
Vets Nuggets	C.H.B. Foods	2.6	2.0
Purina Dinner Mix	Ralston Purina	2.0	1.5
All others		319.9	408.9
Total		$1,388.0	$1,521.0
MOIST DOG FOOD			
Gainesburgers	General Foods	$ 75.0	$ 73.0
Ken-L Ration Burgers	Quaker Oats	67.0	61.0
Top Choice	General Foods	50.0	50.0
Ken-L Ration Special Cuts	Quaker Oats	32.0	30.0
Gaines Variety/-Complete	General Foods	25.0	27.0
Prime/Puppy Choice	General Foods	14.0	12.0
Moist & Meaty	Benco	5.3	6.0
All others		42.7	22.0
Total		$311.0	$281.0
SOFT-DRY DOG FOOD			
Tender Chunks	Quaker Oats	$ 95.0	$ 85.0
Moist 'n Chunky	Ralston Purina	40.0	35.0
Jim Dandy Tender Moist Chunx	Jim Dandy	5.0	6.0
Dinner Rounds	Campbell	—	3.6
Total		$140.0	$129.6
WHOLE-BISCUIT SNACK DOG FOOD			
Milk-Bone Snacks	Nabisco Brands	$ 95.0	$106.0
Bonz	Ralston Purina	41.0	45.0
Jerky Treats	Heinz	21.3	23.0
Liv-A-Snaps, Beef-Char-O-Snaps, Chi-N-Snaps	Liggett Group	7.7	10.0
Ken-L Ration Treats	Quaker Oats	5.9	6.0
Say Cheese, People Crackers and Doggie Donuts	R.T. French	4.0	3.5
Recipe	Campbell	—	1.3
Gaines Biscuits & Bits	General Foods	1.2	1.0
All others		15.9	18.2
Total		$192.0	$214.0
CANNED CAT FOOD			
9-Lives	Heinz	$185.0	$205.0
Friskies Buffet	Carnation	128.0	135.0
Kal Kan	Kal Kan	88.0	116.0
Purina 100	Ralston Purina	37.5	57.0
Puss 'n Boots	Quaker Oats	24.0	23.0
Friskies	Carnation	25.0	22.0
Bright Eyes	Carnation	17.0	17.0
Tabby	Lipton	8.0	8.0
All others		89.5	147.0
Total		$602.0	$730.0
DRY CAT FOOD			
Cat Chow	Ralston Purina	$112.0	$150.0
Meow Mix	Ralston Purina	73.0	84.0
Friskies	Carnation	82.5	52.0
Special Dinners	Ralston Purina	36.0	45.0
9-Lives	Heinz	37.5	42.0
Chef's Blend	Carnation	27.0	24.0
Fish Ahoy	Carnation	20.0	15.0
Crave	Kal Kan	—	15.0
Kitten Chow	Ralston Purina	12.0	12.0
All others		25.0	85.0
Total		$425.0	$524.0
MOIST CAT FOOD			
Tender Vittles	Ralston Purina	$100.0	$125.0
9-Lives Square Meal	Heinz	25.0	30.0
Moist Meals	Quaker Oats	17.0	18.0
Whisker Lickins	Ralston Purina	16.5	14.0
Moist & Tender	Benco	0.2	0.3
All others		6.3	0.7
Total		$165.0	$188.0

Source: John C. Maxwell, Lehman Bros. Kuhn Loeb Research

Pet food sales by type of product ($ millions)

TYPE	1980	1981	Change
Dry dog food	$1,388.0	$1,521.0	9.5%
Canned dog food	759.0	790.0	4.1
Moist dog food	311.0	281.0	(9.6)
Whole-biscuit snacks	192.0	214.0	11.5
Soft-dry dog food	140.0	129.6	(7.4)
Total dog food	2,790.0	2,935.6	5.2
Canned cat food	602.0	730.0	21.3
Dry cat food	425.0	524.0	23.3
Moist cat food	165.0	188.0	13.9
Total cat food	1,192.0	1,442.0	21.0
Total dog & cat food	$3,982.0	$4,377.6	9.9%

Source: John C. Maxwell, Lehman Bros. Kuhn Loeb Research

Pet food market shares by company ($ millions)

	1980	Share	1981	Share
Ralston Purina	$1,163.5	29.2%	$1,246.5	28.5%
Carnation	495.5	12.5	482.0	11.0
General Foods	354.2	8.9	387.0	8.8
Quaker Oats	350.9	8.8	340.0	7.8
Liggett Group	223.7	5.6	241.0	5.5
All others	1,394.2	35.0	1,681.1	38.4
Total	$3,982.0	100.0%	$4,377.6	100.0%

Source: John C. Maxwell, Lehman Bros. Kuhn Loeb Research

Is your advertising a looking glass...or a window?

When you look at your advertising, do you see a flattering vision of yourself, or a realistic view of your markets?

That question deserves some serious thought. Because it's easy to get so wrapped up in your own products and interests that you lose sight of the customer. And that can result in some pretty ineffective advertising.

Which you don't want.

When you get right down to it, flattery is expensive at any price—but good advertising pays for itself.

We at Davis Harrison believe that the best way to keep clients happy is by turning out advertising that gets through to the market.

Give us a call. We'll show you how Davis Harrison Advertising can take you beyond the looking glass.

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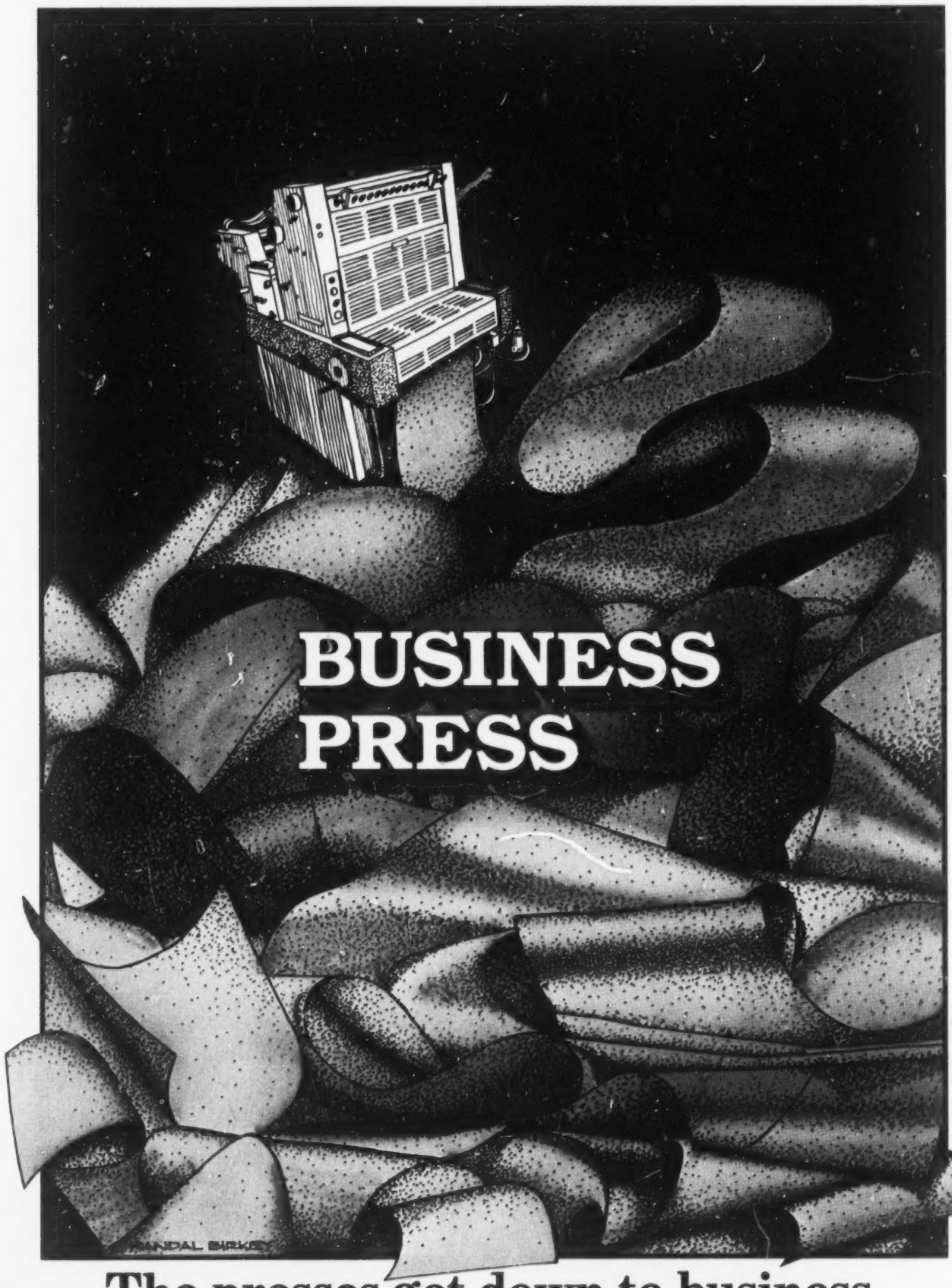

Illustration by Randal Birkey

The presses get down to business

Delivering information to industry's decision makers

By Jack Hafferkamp

Optimism is alive and well in the American business press. The consumer on the street may have only the dimmest awareness that there is another publishing industry parallel to the consumer and academic presses. Yet run it does, to the annual tune of an estimated $2.6 billion. And Thomas King, president of the American Business Press, New York, estimates that by 1992, dollar volume will reach $6 billion.

Folio concludes that 127 of the country's top 400 revenue-producing magazines—32%—are trade publications. And that number may very well climb. While the consumer press faces hard times, (rising costs and fewer readers), the business-to-business press continues a decade-long period of growth. Right now there isn't a major pub-

(Continued on Page M-8)

Jack Hafferkamp is a business writer and marketing consultant for Ted Hearne Associates in Chicago.

Business press delivers

(Continued from Page M-7)

lisher in the industry who isn't at least thinking about acquisitions, startups or related informational-business projects. This is an exciting time in business publishing.

Robert L. Edgell, chairman of Harcourt Brace Jovanovich Publications, New York, speaks for much of the industry when he says, "We're very bullish for the next decade. We've just come off our best year, and this year is better than last."

Of course, this kind of unbridled enthusiasm does not mean that there are no trouble spots in the business press. It is not immune to economic reality. Hard times have come to those publications serving the hardest hit segments of the whole American economy: Automotive, construction and heavy equipment. Yet the trade press as a whole is making progress in spite of current national economic woes. The strong publications more than make up for the weak ones.

In brief, the single most important reason for the success of the American business press is that it gives advertisers their best return on investment.

The single most important reason for the success of the business press is that it gives advertisers their best return on investment.

"The number of advertising pages continues to go up," explains Mr. King, "because they are doing good things for the people who are spending the money. We're putting out good products that are directed to the right audiences." Mr. King says he likes to use the cable tv term "narrowcasting" to describe how the business press gets to those right audiences.

The technological revolution, combined with the information gathering techniques of social scientists, has given trade press publishers access to very precise information on the people who read their publications. Publishers now routinely aim their magazines at very specialized "reader universes." Readership studies can thus show advertisers two very important things about a magazine's ability to generate sales:

- Trade publications are a cost-effective way to reach an industry's decision makers, the people who spend its money. Advertising in the business press eliminates expensive, useless shotgun advertising in print, radio or tv that wastes resources on people who have no use for the products or services offered.
- As Mr. Edgell puts it, "Companies that continue to advertise in a recession come out faster and often their market position is stronger than those who have let their advertising program slip."

In other words, the business press is thriving today because it can demonstrate to advertisers that it gets their message to the right people, and because those who don't advertise in hard times risk losing market position to those who do when times get better. In some circles this enviable position is known as "getting 'em coming and going."

However, to grasp this alone is to understand only one of many major factors contributing to the dynamism of contemporary trade publishing. A decade of growing prosperity has brought graphics-aware art directors, slick paper and more editorial color. Purses have been loosened to hire top-flight editors and writers—and electronics technicians. The result of this multileveled growth, according to William A. Barbour, president of Chilton Company in Radnor, Pa., is that the editorial product is "100 times better than it was 10 years ago.

"In the old days," says Mr. Barbour, "there was damned little editorial selling. The salesman went out with a copy of the rate card and—if the guy asked to see it—the circulation statement. The had a couple of martinis and played golf.

"Then in the middle '60s and into the '70s, business publishers came to realize that their only real reason for existence is to deliver business information. To me, the improvement in our editorial product is the best thing that has happened to this industry over the last ten years."

Editorial improvement is a dynamic kind of enterprise. The better a magazine becomes, the more information flows through it, and the more important it becomes to an industry's decision makers (and those who would be decision makers). They read it, talk about it, talk to its reporters and editors, and thus help to enhance it. The ideal publication is so on top of the industry it serves that it becomes must reading for anyone who wants to spot industry trends *before* they happen.

Another significant factor in the growth and sophistication of the business press is the emerging electronics revolution. "Database" is an industry buzzword. And like most buzzwords it is perceived differently by different people. Essentially, though, it refers to a continually updated source of information on a specific subject area. A database doesn't necessarily have to be computerized, but when it is, and when subscribers can tap into it via an on-line terminal, electronic databases offer publishers great opportunities and challenges—the shape of which are still being worked out.

When the idea of database publishing came along in the 1970s, predictions were heard that its arrival marked the beginning of the end for the printed word. Today, however, a more temperate view prevails.

Mr. Barbour, the president of Chilton, says, "We have been looking at it for some time. Each generation of computers gets smaller, faster and cheaper while the reader's needs become more sophisticated. But I don't think it's ever going to replace the printed word."

Mr. King concurs: "The use of electronic means for transmitting information will continue to grow. But it won't happen overnight. I think that five or 10 year from now we will be printing *more* pages than we are now, and we will also be delivering electronic information to people who want to get their information very fast."

In the middle '60s business publishers began to realize that their main reason for existence is to deliver business information.

As Mr. Barbour sees it, the key to the rate and extent to which electronic publishing takes over the trade press depends on its cost efficiency. "The mechanical costs of doing business—the percentage of total costs that go to printing, paper and postage—are much higher now than they were," he says. "If they get higher still, and we can't raise our rates to compensate, then we have to look at new ways to distribute. The minute electronic information transmittal becomes more cost-effective than the old ways of sending hard copy, then the publishers will do it that way."

Electronic publishing isn't the only way in which the new technology is changing the trade press. In fact, for most publications its greatest usefulness may not have anything to do with generating revenue. Its value lies in its ability to increase internal efficiencies. Harcourt Brace has recently taken final bids on an editorially interactive electronic data transmission system that will link New York to its Duluth offices. The company thinking is illustrative.

"The main advantage to us is

Top 50 business magazines by advertising pages

Rank	Magazine Name	Ad Pages	1979-80 % Change
1.	Travel Agent	6,707	−9.2
2.	Electronic News	6,538	23.3
3.	The Blood Horse	6,097	6.1
4.	Oil & Gas Journal	6,093	10.7
5.	Women's Wear Daily	5,921	0.4
6.	Electronic Design	5,262	47.5
7.	Electronics	4,530	4.7
8.	Computerworld	4,487	5.9
9.	Machine Design	4,147	11.3
10.	Advertising Age	3,761	−.7
11.	Engineering New Record	3,690	1.7
12.	EDN	3,643	13.6
13.	Telephony	3,566	−3.8
14.	Design News	3,475	3.8
15.	New England Journal of Medicine	3,411	8.2
16.	American Metal Market	3,229	12.4
17.	Chemical Engineering	3,198	−5.1
18.	Daily News Record	2,979	−0.9
19.	Plant Engineering	2,957	−13.5
20.	Medical Economics	2,955	−11.1
21.	Purchasing	2,906	−3.5
22.	HFD	2,867	0
23.	Iron Age	2,862	−7.1
24.	Publishers Weekly	2,739	−5.7
25.	Hydrocarbon Processing	2,737	−7.2
26.	Chemical Marketing Reporter	2,568	−2.3
27.	Aviation Week & Space Technology	2,502	3.1
28.	Industrial Equipment News	2,398	−2.2
29.	Journal of the AMA	2,326	−21.0
30.	Electronic Buyers News	2,308	0
31.	Restaurants & Institutions	2,280	−2.6
32.	Modern Machine Shop	2,231	0
33.	Billboard	2,216	−28.7
34.	Gifts & Decorative Accessories	2,162	3.0
35.	Patient Care	2,093	−7.7
36.	American Machinist	2,085	22.6
37.	Tooling Production	2,084	15.3
38.	Coal Age	2,063	−5.2
39.	Electronic Engineering Times	2,035	4.6
40.	Chemical Week	2,008	−10.6
41.	Restaurant Business	2,004	−2.0
42.	Datamation	1,976	−5.3
43.	Graphic Arts Monthly	1,943	1.0
44.	World Oil	1,931	0
45.	Automotive News	1,921	−11.1
46.	Bakery Production & Marketing	1,898	1.4
47.	Industry Week	1,889	−13.6
48.	Pulp & Paper	1,887	0
49.	Computer Design	1,884	10.9
50.	Emergency Medicine	1,846	12.3

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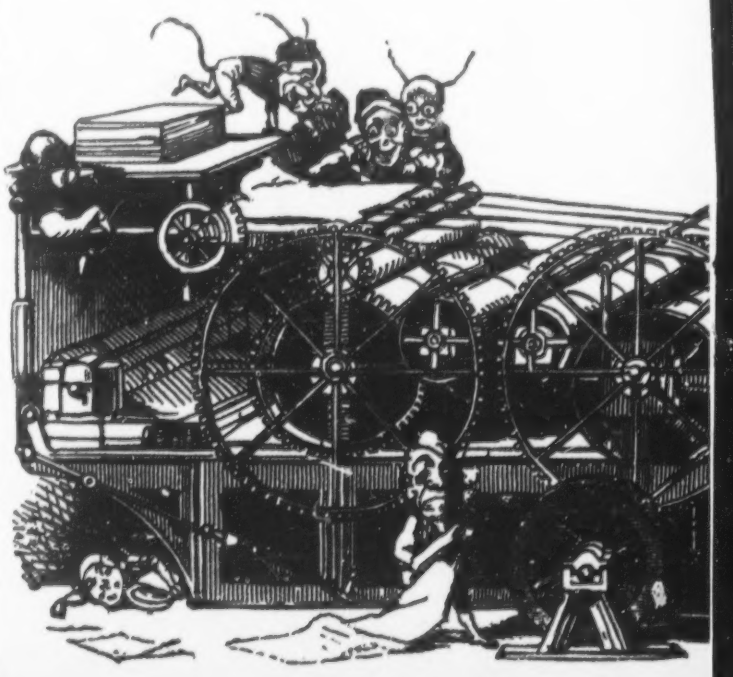


the simple factor of time," says Lars Fladmark, executive vp of the publications division. "We have so many different deadlines per day with all our magazines that the ability to cut closer to deadlines by eliminating the shipping of copy is a great advantage.

"In terms of database applications to print, our interests have been more internal than external. We have a big computer downstairs that we're using to form total definitions of our readerships.

"Some very nice spinoffs come from it, such as reader surveys on a variety of topics. We can target an industry's leaders very precisely, and we use them as a sort of informal editorial opinion board.

"Our primary use for this information so far has been as the basis for editorial material in the magazines. The other main thing we're doing is building a fully integrated production/billing information management system."

Editorial improvement is a dynamic kind of enterprise. The better a magazine becomes, the more information flows through it.

At this time Harcourt Brace has no plans to market its readership surveys, but other houses do. Chilton, for instance, markets an on-line service to business-to-business advertisers that helps them determine exactly what kinds of ads are most effective for particular audiences.

The necessity for magazine publishers to think in terms of database marketing in addition to the electronic delivery of editorial material gives clear insight into the fundamental nature of the ferment in today's trade

The key to the rate and extent to which electronic publishing takes over the trade press depends on its cost efficiency.

press industry. Long gone are the days when publishers could rest on the laurels of their good magazines. To stand still is to lose ground in today's market.

"The magazine business always has been vulnerable to the economy as a whole, just like the newspaper business," explains Mr. Barbour. "But in the past 10 years we have learned to cope better. Part of it is better management. Part of it is that we—like a lot of places led by McGraw-Hill—have diversified into other areas to develop revenues that are countercyclical to the business trends of our industry.

"Twenty years ago 90 to 95% of Chilton's income was from the magazines. Now it's 40%. We're in the research business, the direct marketing business, the newsletter business and book publishing. We are always looking for new sources of income."

Mr. Barbour's candor clearly indicates that the optimism of his industry is tempered by a common understanding that continued expansion depends on a national economy that doesn't worsen significantly.

"You can have the best magazine in the world," he says, "but if you get some big hitters at the very top of the corporation—as has happened in the last couple of months—who say, 'No more advertising until further notice,' there's nothing you can do about it. You'd better have something else in the back."

Mr. Fladmark believes that the health of the industry depends on generalized cost containment. "The business press has always enjoyed a nice competitive edge because relative to other methods it has been a good advertising buy. We don't want to give up that advantage, but rising costs could make this a long-term problem."

One rising cost that has everyone wary is postal rates. They have gone up, says Mr. King, "at an alarming rate, and the projections don't make you want to relax." At the same time the quality of service has deteriorated. And there seems to be no easy solution to this two-edged problem.

People are another rising cost. "Our biggest problem is people; keeping the high quality individuals," says John B. O'Neil, president of Vance Publishing Co., Chicago. "You've got to treat them right—that is, pay them enough so they stay with you and grow with you. Otherwise they're going to move on to someone who will."

Mr. Edgell, the chairman of Harcourt Brace, sees another potential problem in the over-fragmentation of markets. "There are certain fields," he says, "where too many people have tried to bring too many publications in. Some are falling by the wayside as budgets have gotten tighter. The major publications have continued to do well, but in many cases the second-tier magazines have suffered."

On the other hand, not every possibility on the horizon is bleak. Even in segments of the industry where the recession has hit hard the new technologies are opening up new markets. An example the ABP's Mr. King cites is the machine tool industry press. The coming of computers in that field has brought in new sources of revenue that didn't even exist just a few years ago.

And in the depressed housing industry, publications are now exploiting energy-saving product markets (insulation, thermal windows, etc.) that were barely tapped five years ago.

Mr. O'Neil can even find a few good words about the recession itself: "When things go well for too long a time, you get fat and you don't know it. Every so often it's good to measure your operation and make sure you run as leanly as possible. Sometimes you come out of it better than you did going in because you've learned to tighten down your ship."

It is clear to everyone in the trade publication industry that there are bright possibilities in the future for the companies with the foresight to grab them. At one level this means doing what the trade press has always done: Identifying industry needs.

"What we've got to look for are new products and emerging markets," explains Chilton's Mr. Barbour. "The secret of this industry is finding a niche. You've got to find a niche and serve the need."

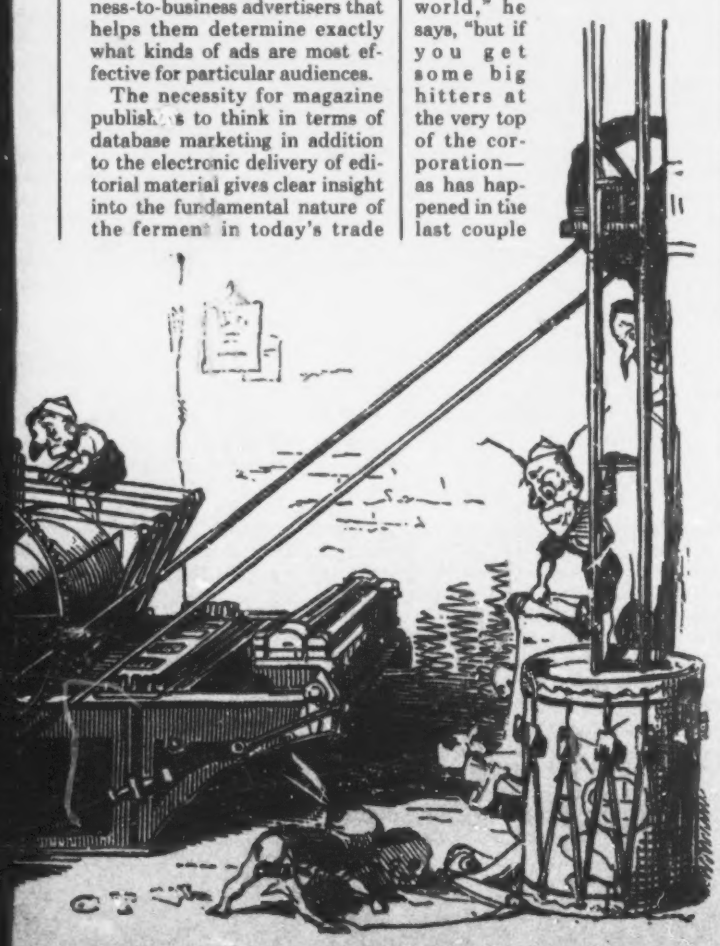
One important psychological leap vital to being able to find those niches is the mental difference between magazine publishing and information delivering. The leaders in today's business press don't just put out magazines—they deliver information.

"Basically, we're going to have to give the guy what he wants in the form he wants it," says Mr. Barbour.

"We have to be able to put it in a magazine, at a terminal at his desk, on a video cassette or over the Telex. You can't fight it," he says.

Mr. King succinctly sums up the situation facing today's trade press: "If we business publishers stay on top of developments and seize the opportunities, we will stay in the forefront. If we don't, other people will take that business." ■

"We've got to look for emerging markets. The secret of this industry is finding a niche. You've got to find a niche and serve the need."



Top 50 business magazines by total revenue

Rank	Magazine Name	1979-80 ($000)	% Change
1.	Women's Wear Daily	22,652	4.9
2.	Computerworld	21,184	13.9
3.	Advertising Age	17,547	14.8
4.	Electronic News	17,218	30.9
5.	Oil & Gas Journal	16,398	22.6
6.	Aviation Week & Space Technology	16,338	13.8
7.	Electronics	15,534	31.2
8.	Engineering News Record	15,534	14.6
9.	Machine Design	14,435	14.5
10.	Electronic Design	14,407	39.3
11.	Chemical Engineering	14,366	4.5
12.	Plant Engineering	12,269	−0.1
13.	Restaurants & Institutions	12,172	11.7
14.	Nursing 80	11,784	5.9
15.	Medical Economics	11,690	4.0
16.	Industry Week	11,536	−15.9
17.	New England Journal of Medicine	10,723	10.6
18.	Design News	10,604	12.2
19.	Daily News Record	10,442	8.2
20.	Billboard	10,371	−13.1
21.	American Metal Market	10,187	26.7
22.	Datamation	9,683	12.0
23.	EDN	9,626	33.3
24.	Institutional Investor	9,591	36.5
25.	Chemical Week	9,510	6.3
26.	New Equipment Digest	9,047	9.0
27.	Purchasing	8,505	4.7
28.	HFD	8,388	0
29.	Travel Agent	8,259	13.0
30.	Journal of the AMA	8,214	−3.7
31.	Automotive News	8,056	19.6
32.	Industrial Equipment News	8,045	5.0
33.	American Journal of Nursing	7,772	3.1
34.	Chemical & Engineering News	7,745	12.9
35.	Iron Age	7,589	5.5
36.	Restaurant Business	7,503	10.4
37.	Architectural Record	7,484	1.9
38.	Nation's Restaurant News	7,341	4.8
39.	RN	7,314	34.5
40.	Professional Builder	7,069	−14.4
41.	Meetings & Conventions	6,735	20.3
42.	Modern Plastics	6,718	−1.6
43.	Adweek	6,691	0
44.	Supermarket News	6,568	0
45.	Electronic Engineering Times	6,481	17.8
46.	Hydrocarbon Processing	6,050	6.8
47.	Progressive Grocer	6,028	7.2
48.	Electrical Construction & Maintenance	5,977	−1.5
49.	American Machinist	5,829	31.3
50.	Patient Care	5,754	−2.6

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MARKETING INTERNATIONALLY

Currency for thought

See Magazine

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First time

Jerry Della Femina (r.), whose agency just joined the Four A's, enjoys the country & western opening night festivities at the Greenbrier with (l. to r.) Gloria and Herb Maneloveg (Della Femina, Travisano & Partners) and Kay and Nat Lehrman (*Playboy*). At right, Four A's president Len Matthews stands between incoming chairman John Bowen (l.) and outgoing Don Johnston, with the majestic resort in the background.

Four A's gets the message: Hard times

By CHRISTY MARSHALL

WHITE SULPHUR SPRINGS, W. VA.—The recession, rising costs and reduced industry productivity are causing the lowest profit margins in years for the nation's advertising agencies, industry execs said at the annual meeting of the American Assn. of Advertising Agencies here.

Though there were some notable exceptions, many agency execs gathered at the Greenbrier resort concurred with association president Leonard Matthews' terse summation: "These are tough times." The "tough times," moreover, have spread to such cities as Houston and Atlanta, where many industries—and the agencies that serve them—had been booming.

"Nothing is booming" at present, said Mike Turner, exec vp-director, Ogilvy & Mather Southern Operations. He said high-technology companies in Atlanta have started cutting back on advertising.

In Houston, where "until the first quarter, you wouldn't have known there was a recession," businesses tied to the oil industry, which has been hurt by lower prices, are putting lids on ad budgets, Mr. Turner told the

(Continued on Page 80)

Other Four A's news appears on Pages 2, 20, 80 and 84.

Triangle, Getty deny report of talks

Is 'Tv Guide' on the block?

By STUART EMMRICH

A report that *TV Guide* is up for sale was strongly denied by Triangle Publications president Walter H. Annenberg.

The publishing magnate and former U.S. ambassador said reports from a source that he has begun talks with potential buyers and is seeking between $750 million and $1 billion for the magazine are "totally untrue and perfectly ridiculous. There are no discussions going on right now with anyone, no one has approached me and I am not interested in selling it," he said. "I am not open to any offers—certainly not at this time."

The name of Getty Oil, which owns 85% of the cable network ESPN, has been mentioned in investment banking circles as a possible bidder for *TV Guide*, but high-level Getty execs denied that any talks are taking place or are contemplated.

Mr. Annenberg did say that four years ago Getty made an informal approach about the possibility of buying the magazine, but nothing ever went beyond those initial feelers. "I wasn't interested in selling then and I am not interested in selling now," he added.

He said that he has been approached more often about the possibility of selling Triangle's *Seventeen*, but said that publication also was not for sale.

Despite Mr. Annenberg's denial, others at *TV Guide* have suggested that the recent trimming and streamlining of staffs at the magazine may have been designed to make the publication a more attractive investment (AA, March

(Continued on Page 86)

last minute news

National drive set for reformulated Schlitz Light

MILWAUKEE—Jos. Schlitz Brewing will break a new national ad campaign this June for its reformulated Schlitz Light. The push consists of tv spots featuring a life style theme: "New Schlitz Light stays light all night long." Broadcast and print support will follow. J. Walter Thompson USA, Chicago, handles.

American Tourister moves to Campbell-Ewald

PROVIDENCE—American Tourister has moved its $3.5 million luggage account to Campbell-Ewald after a review. DDB previously handled.

RCA unveils new large-screen tv line to dealers

LAS VEGAS—At its sales meeting here over the weekend, RCA Consumer Electronics division unveiled a line of compact, large-screen tv sets. The new tv sets, due for heavy ad support via Burnett, offer a 26-in.

(Continued on Page 8)

Coke is it in first Ad Age poll

By JOSEPH M. WINSKI

By a substantial margin, Coca-Cola advertising registers the highest awareness among consumers of any advertising, outpolling second-ranked Pepsi-Cola by a two-to-one margin.

In terms of public awareness, McDonald's Corp. advertising dominates its industry far more than any other advertisers do theirs. Over-all, McDonald's advertising ranks third in public awareness, behind Coke and Pepsi.

Fully 44% of all consumers questioned respond that they "don't know" when asked to identify which brand advertising first comes to mind of all that they have seen, read or heard in the previous 30 days.

Of all the advertisements or commercials identified as first coming to mind, 69% are tv commercials.

Those are some of the findings of the first monthly adTrack survey, a joint effort of ADVERTISING AGE and SRI Research Center Inc., Lincoln, Neb., to measure consumer awareness of advertising. As far as AA and SRI can determine, adTrack represents the most ambitious statistically valid research into ad awareness yet undertaken. It is our belief that this regular service will provide valuable, if sometimes surprising, insights into a fundamental function of advertising: Creating awareness of the product or service being advertised.

adTrack

Awareness is determined by tallying the unaided responses of consumers to these questions: (1) "Of all the advertising you have seen, read or heard in the last 30 days, which comes first to mind?" and, (2) "Of all the advertising for [each of 20 product categories] you have seen, heard or read in the last 30 days, which comes first to mind?" Consumers also are asked where they saw, read or heard any advertising they identify.

The survey, conducted by telephone from April 1 through April 21 by trained SRI interviewers, covered a sample of 1,262 Americans.

The sample is designed to represent accurately the population being studied; that is, the sample data can be used to make valid generalizations about a much larger group, in this case all U.S. consumers 18 years of age or over.

AdTrack will survey consumers monthly, and thus will be able to measure the "movement" of advertising awareness over time, or detect which advertising is increasing,

(Continued on Page 76)

Top 10 in awareness

Advertising named most often (in April)

	Mentions	% of all mentions
1. Coca-Cola	76	6%
2. Pepsi-Cola	37	3
3. McDonald's	24	2
4. Miller	21	2
5. Ford	17	1
6. Chrysler	13	1
7. Peter Pan	12	1
8. 7UP	10	1
9. (tie) Budweiser	9	1
9. Chevrolet	9	1

Question: Of all the advertising you've read, seen or heard in the last month, which ad first comes to mind? Source: SRI Research Center Inc., Lincoln, Neb.

Warner sets home shop test

By SUSAN SPILLMAN

NEW YORK—Warner Amex Satellite Entertainment Co. will begin testing a home shopping cable tv network in several markets during the third quarter of this year, with hopes of expanding nationally in 1983.

Warner Amex officials would not reveal the program format of the test service, which has been in development for over a year. It is expected, however, that the shopping channel will follow the 24-hour scheduling philosophy Warner has emphasized as major strengths of its MTV: Music Television and Movie Channel services.

Several cable networks plan to carry individual shop-at-home programs and one, Satellite Programming Network, already does. But if Warner proceeds with an '83 launch, it would become the first satellite-delivered channel devoted exclusively to home shopping.

■ The company showed its interest in a shop-at-home service as early as December, 1979, when American Express tested shopping from its Christmas gift catalog on sister-company Warner Amex Cable's Qube system in Columbus, O. Warner Amex Cable also held talks with Sears about a similar venture (AA, Feb. 18, '80).

While the Qube system enabled viewers to press buttons on interactive key pads to purchase items, this technology is extremely limited today. A national shopping service offered in 1983 would likely have to utilize 800 phone numbers.#

Falkland fire hits marketers

By SEAN MILMO

LONDON—Major American and British advertisers, who at all costs want to avoid taking any position on the Falkland Islands (or Malvinas) crisis, fell into it last week and are now trying to dig out.

It started when such companies as Ford Motor Co., Eastman Kodak, Chesebrough-Pond's, Johnson & Johnson, American Home Products, a Coca-Cola bottler, Colgate-Palmolive, Anglo-Dutch Unilever Ltd., Volkswagen and N.V. Philips appeared to be sponsoring a U.S.-style, 24-hour tv telethon in Argentina to raise money for the war effort.

Commercials for the company's products were shown, or their names flashed on the screen, at a cost of $15 a second.

■ The hue and cry in London grew after word got around that British companies also were associated with the telethon. One British store owner, whose seaman son survived the Argentinian missile attack on the HMS Sheffield off the Falklands, has banned all products made by companies taking part in the telethon. Other retailers are up in arms and are demanding an explanation, partly because they are barraged with questions from angry customers.

Embarrassed executives have appeared on British tv and radio offering explanations. "I went on radio after three large retailers asked to know why it happened," said John Barker, company secretary of Colgate-Palmolive Ltd.

Some of the companies, like Colgate, are considering donations to victims of the HMS Sheffield attack, and one has made a sizable contribution to a special fund set

(Continued on Page 86)

Destination known

Cunard's Queen Elizabeth 2 is now sailing to an official "destination unknown," known to be the Falkland Islands, filled with Scot and Welsh Guards and a Gurkha regiment. Cunard says it will continue advertising, via Compton, while the ship is out of service because it is still booking customers.

EUROPE AND THE QE2:
ONE WAY IS FABULOUS.
THE OTHER WAY IS FREE.
Traveling between New York and Europe on the once-and-only QE2 is unforgettable, but not unaffordable. You get 5 glorious days and nights on the last of the great superliners — and a free plane ticket home.
London night free, hotel discounts.
Next business trip, your spouse sails free.
Grand QE2 tours. European cruises.
Sail one way — fly the other, free.
QUEEN ELIZABETH 2
FOR ONCE IN YOUR LIFE, LIVE
CUNARD

AMA victory may doom FTC bill

By RICHARD L. GORDON and NANCY MILLMAN

Ad industry associations easily won Senate commerce committee approval last week for their proposal to stop Federal Trade Commission regulation of "unfair" advertising. But the FTC's top lobbyist later warned the American Assn. of Advertising Agencies convention that the Senate's bill has become so controversial it may be doomed.

The fly in the ointment, according to FTC chief lobbyist Bryce L. Harlow, is the section added to the Senate bill, under pressure from the American Medical Assn., that puts doctors and other state-regulated professionals beyond the commission's reach. The professionals' bid has been denounced by FTC chairman James C. Miller III, and Mr. Harlow said House leaders are unlikely to approve any bill carving out such a huge "special interest" exemption.

The result, Mr. Harlow told the Four A's meeting in White Sulphur Springs, W. Va., could be a legislative stalemate that would keep FTC unchanged for the present. "When the doctors won, you lost," he argued.

The FTC lobbyist's grim estimate of the legislative outlook was confirmed by Rep. James Florio (D., N.J.), manager of FTC legislation in the House. He said last week the Senate FTC approach is "a radical departure from traditional thinking about FTC."

The congressman's objections go beyond the doctors to all the special exemptions the Senate has loaded on the bill. Among them, he included the ad industry's plea for removal of "unfairness" from the advertising law. He told ADVERTISING AGE this is "out of the question"

(Continued on Page 84)

highlights

Monday, May 17, 1982

The Saturday morning battle lines are being drawn anew for fall by the tv networks. *See Page 12.*

AMC's Jeep takes on "the world of ordinary cars." *See Page 14.*

Hertz adds a "Yes Desk" to expedite car rental services. *See Page 14.*

Jack Bowen, Benton & Bowles' chief and new American Assn. of Advertising Agencies chairman, sees significant gains being made by that organization. *See Page 20.*

Don Johnston, outgoing Four A's chairman, warns that irritating ads can cost client as well as entire ad business. *See Page 20.*

Hearings open on the stock dealings of Canada's only publicly held agency, Cockfield Brown. *See Page 20.*

An American Express travel package ad was grounded by the National Advertising Division. *See Page 22.*

The great cola war moves to the soda fountain. *See Page 24.*

Dr Pepper is trying to turn Europeans into Peppers, too. *See Page 25.*

Single-serving low-calorie meals add weight to the frozen entree business. *See Page 30.*

Ted Bates & Co. has fired the head of its spot buying unit, but denies that it's comparable to J. Walter Thompson's dismissal of Marie Luisi. *See Page 32.*

Fragrances are set for at least one market duel. *See Page 35.*

Warren Hirsh is once more without a name to market. *See Page 35.*

The growing erosion of the middleman was one topic at the Assn. of Canadian Advertisers' annual seminar. *See Page 38.*

General Motors has approved its new two-seater P-car. *See Page 38.*

Children's aspirin shares suffer the same fate as those pain killers for adults. *See Page 45.*

Teen agers are being ignored by advertisers despite their growing role in family grocery purchasing, the Food Marketing Institute annual meeting was told. *See Page 68.*

RKO's Federal Communications Commission license problems figure into its recent syndication program dealings. *See Page 74.*

Two Dancer Fitzgerald Sample execs offer the agency's eight-point guide to new food product introduction at the National Juice Products Assn. convention. *See Page 75.*

CORPORATE CLOSEUP

Huffy Corp.'s recently signed licensing agreement with Raleigh Industries will take the nation's largest bicycle manufacturer into a new segment of the market. *See Page 4.*

VIDEOTECH

A lot of the action at the recent National Cable TV Assn. meeting took place offstage. *See Page 50.*

Telephone Poll will try to bring some of the participatory appeal of interactive tv to commercial stations. *See Page 54.*

A commercial production exec offers tips for keeping a lid on the cost of producing a tv spot. *See Page 54.*

Reuters and Syndicast Services are aiming for 50 tv stations for the "Reuters Focus on Investment" tv series. *See Page 56.*

General Foods was the top spender in BAR's first-quarter cable tv spending report. *See Page 59.*

MAGAZINE

Quality paperback books more than ever are being mass marketed—in many cases with great success. *See Page M-2.*

Truman Capote talks to columnist James Brady about his own work, other writers and his experiences as a screenwriter. *See Page M-4.*

SPECIAL REPORT

Marketing internationally focuses in particular on the question of regional vs. centralized planning. *See Page M-7.*

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Braniff: Can new line rise?

By TOM BAYER

DALLAS—A fresh airline will emerge from the Braniff debacle if Howard Putnam and his remaining cadre of executives have their way.

But getting their way may be as bumpy a ride as Braniff has seen, since, under Chapter 11 proceedings of the Federal Bankruptcy Act, Braniff is now supervised by a federal bankruptcy judge assigned the mammoth task of working out arrangements with its creditors.

And assuming that satisfactory deals are eventually struck with creditors, the new airline that emerges would face a marketing challenge unlike any other airline in history; no other airline has been born out of such proceedings. The marketing strategy would have to counteract public opinion of the old Braniff, and any remaining stigmata of proceedings associated with bankruptcy.

Mr. Putnam, though, says his commitment to turn Braniff around is just as strong today as it was when he joined the carrier from Southwest Airlines.

"The formula is right," he said.

(Continued on Page 86)